

AMENDED IN ASSEMBLY JUNE 14, 2016

AMENDED IN SENATE APRIL 12, 2016

SENATE BILL

No. 1414

Introduced by Senator Wolk

(Principal coauthor: Assembly Member Williams)

February 19, 2016

An act to add Section 25402.12 to the Public Resources Code, and to amend Section 399.4 of the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

SB 1414, as amended, Wolk. Energy.

Existing law requires the State Energy Resources Conservation and Development Commission (*Energy Commission*) to prescribe, by regulation, building design and construction standards and energy and water conservation design standards for new residential and nonresidential buildings. Existing law requires the ~~State Energy Resources Conservation and Development~~ Commission to prescribe, by regulation, standards for minimum levels of operating efficiency to promote the use of energy-efficient and water-efficient appliances whose use requires a significant amount of energy or water on a statewide basis. Existing law requires that the minimum levels of operating efficiency be based on feasible and attainable efficiencies or feasible improved efficiencies that will reduce the energy or water consumption growth rates. Existing law prohibits a new appliance manufactured on or after the effective date of the *operating efficiency* standards to be sold or offered for sale in the state unless it is certified by the manufacturer to be in compliance with ~~the~~ *those* standards.

This bill would require the ~~State Energy Resources Conservation and Development Commission to develop a system to track central heating~~

~~and air cooling equipment sales and installations in the state to verify compliance with permitting, inspection, and equipment testing requirements. Commission, by January 1, 2019, to approve a plan that will promote the installation of central air conditioning and heat pumps in compliance with specified regulations. The bill would authorize the Energy Commission to adopt regulations to increase compliance with permitting and inspection requirements for central air conditioning and heat pumps and associated sales and installations, consistent with that plan.~~

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations. The Reliable Electric Service Investments Act states the intent of the Legislature that the Public Utilities Commission continue to administer cost-effective energy efficiency programs that produce cost-effective energy savings, reduce customer demand, and contribute to the safe and reliable operation of the electrical distribution grid. Under the act, in order to receive a rebate or incentive offered by a public utility for an energy efficiency improvement or for the installation of energy efficient components, equipment, or appliances in buildings, the recipient is required to certify that the improvement or installation complied with any applicable permitting requirements and, if a contractor performed the installation or improvement, that the contractor holds the appropriate license for the work performed.

This bill would additionally require the recipient of an energy efficiency rebate or incentive to provide proof of permit closure and certify that the improvement or installation complied with any specifications or requirements set forth in the California Building Standards Code. The bill would also more specifically identify the Public Utility Commission's statutory authority for supervising cost-effective energy efficiency programs.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 ~~SECTION 1. Section 25402.12 is added to the Public Resources~~
- 2 ~~Code, to read:~~
- 3 ~~25402.12. The commission, in consultation with the~~
- 4 ~~Contractors' State License Board, local building officials, and~~
- 5 ~~other stakeholders, shall develop a system to track central heating~~

~~1 and air cooling equipment sales and installations in the state to
2 verify compliance with permitting, inspection, and equipment
3 testing requirements. Any system developed by the commission
4 shall be adopted by regulation following one or more public
5 hearings.~~

6 *SECTION 1. Section 25402.12 is added to the Public Resources
7 Code, to read:*

8 *25402.12. (a) On or before January 1, 2019, the commission,
9 in consultation with the Contractors' State License Board, local
10 building officials, and other stakeholders, shall approve a plan
11 that will promote the installation of central air conditioning and
12 heat pumps in compliance with Part 6 of Title 24 of the California
13 Code of Regulations.*

14 *(b) Prior to approving the plan described in subdivision (a),
15 the commission shall do all of the following:*

16 *(1) Evaluate the best available technological and economic
17 information to ensure that data collection and its use is feasible
18 and achievable at a reasonable cost to government, industry, and
19 homeowners.*

20 *(2) Consider the impact of the plan on all of the following:*

21 *(A) Property owners.*

22 *(B) The HVAC industry, including manufacturers, distributors,
23 and contractors.*

24 *(C) Local governments.*

25 *(D) Building officials.*

26 *(E) The Contractors' State License Board.*

27 *(3) Provide the public with the opportunity to review and
28 comment on the proposed plan.*

29 *(c) The commission may adopt regulations to increase
30 compliance with permitting and inspection requirements for central
31 air conditioning and heat pumps and associated sales and
32 installations, consistent with the plan approved pursuant to
33 subdivision (a).*

34 *SEC. 2. Section 399.4 of the Public Utilities Code is amended
35 to read:*

36 *399.4. (a) (1) In order to ensure that prudent investments in
37 energy efficiency continue to be made that produce cost-effective
38 energy savings, reduce customer demand, and contribute to the
39 safe and reliable operation of the electrical distribution grid, it is
40 the policy of this state and the intent of the Legislature that the*

1 commission shall supervise the administration of cost-effective
2 energy efficiency programs authorized pursuant to its statutory
3 authority, including Sections 381, 381.1, 381.2, 381.5, 382, 384.5,
4 400, 454.5, 454.55, 454.56, 589, 701.1, 749, and 769, Article 10
5 (commencing with Section 890) of Chapter 4, and Chapter 6
6 (commencing with Section 2781) of Part 2.

7 (2) As used in this section, the term “energy efficiency” includes,
8 but is not limited to, cost-effective activities to achieve peak load
9 reduction that improve end-use efficiency, lower customers’ bills,
10 and reduce system needs.

11 (b) (1) Any rebates or incentives offered by a public utility for
12 an energy efficiency improvement or installation of energy efficient
13 components, equipment, or appliances in buildings shall be
14 provided only if the recipient of the rebate or incentive provides
15 proof of permit closure and certifies that the improvement or
16 installation has complied with any applicable permitting
17 requirements and any specifications or requirements set forth in
18 the California Building Standards Code (Title 24 of the California
19 Code of Regulations), and, if a contractor performed the installation
20 or improvement, that the contractor holds the appropriate license
21 for the work performed.

22 (2) This subdivision does not imply or create authority or
23 responsibility, or expand existing authority or responsibility, of a
24 public utility for the enforcement of the building energy and water
25 efficiency standards adopted pursuant to subdivision (a) or (b) of
26 Section 25402 of the Public Resources Code, or appliance
27 efficiency standards and certification requirements adopted
28 pursuant to subdivision (c) of Section 25402 of the Public
29 Resources Code.

30 (c) The commission, in evaluating energy efficiency investments
31 under its statutory authority, shall also ensure that local and
32 regional interests, multifamily dwellings, and energy service
33 industry capabilities are incorporated into program portfolio design
34 and that local governments, community-based organizations, and
35 energy efficiency service providers are encouraged to participate
36 in program implementation where appropriate.

37 (d) The commission, in a new or existing proceeding, shall
38 review and update its policies governing energy efficiency
39 programs funded by utility customers to facilitate achieving the
40 targets established pursuant to subdivision (c) of Section 25310

1 of the Public Resources Code. In updating its policies, the
2 commission shall, at a minimum, do all of the following:

3 (1) Authorize market transformation programs with appropriate
4 levels of funding to achieve deeper energy efficiency savings.

5 (2) Authorize pay for performance programs that link incentives
6 directly to measured energy savings. As part of pay for performance
7 programs authorized by the commission, customers should be
8 reasonably compensated for developing and implementing an
9 energy efficiency plan, with a portion of their incentive reserved
10 pending post project measurement results.

11 (3) Authorize programs to achieve deeper savings through
12 operational, behavioral, and retrocommissioning activities.

13 (4) Ensure that customers have certainty in the values and
14 methodology used to determine energy efficiency incentives by
15 basing the amount of any incentives provided by gas and electrical
16 corporations on the values and methodology contained in the
17 executed customer agreement. Incentive payments shall be based
18 on measured results.